

Message Text

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TO AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ETRN, CA

SUBJECT: CIVAIR: US-CANADA CHARTER AIR SERVICE
NEGOTIATIONS

1. FOLLOWING IS SUMMARY OF US-CANADA NEGOTIATIONS FOR
AGREEMENT ON NON-SCHEDULED AIR SERVICES HELD IN OTTAWA
SEPTEMBER 17-21.

2. ON FIRST DAY, US DEL TABLED A MODIFIED US POSITION AND
COMPLETE DRAFT TEXT OF AGREEMENT. REMAINDER OF WEEK WAS
HOWEVER TOTALLY CONSUMED WITH QUESTION OF SO-CALLED
SUNSPOT MARKETS, NAMELY, CANADIANS VISITING HAWAII,
CALIFORNIA, NEVADA, ARIZONA, FLORIDA, PUERTO RICO AND
VIRGIN ISLANDS. THERE WAS NO REVIEW OF TEXT OR DISCUSSION
OF SMALL AIRCRAFT OPERATIONS.

3. CANDEL TOOK INITIAL POSITION THAT HAWAII AND FLORIDA
SHOULD BE TOTALLY EXCLUDED FOR US AIRLINES AND THAT THEY
OBTAIN ONLY A LIMITED PORTION OF REMAINDER. SINCE THESE
TWO MARKETS ARE 84 PERCENT OF TOTAL SUNSPOT MARKET, USDEL
REJECTED THIS PROPOSAL.

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4. CANDEL THEN SAID IT WOULD GIVE A LIMITED SHARE OF HAWAII AND FLORIDA AND A SOMEWHAT HIGHER SHARE OF THE REMAINDER, BUT IT WOULD NOT ACCEDE TO US REQUEST TO EXCLUDE FROM THIS LIMITATION ON-ROUTE CHARTERS OF US SCHEDULED AIRLINES IN SUNSPOT MARKETS.

5. AFTER A PRIVATE SESSION BETWEEN DELEGATION CHAIRMAN, BOTH DELEGATIONS AGREED TO PLACE NO LIMITATIONS ON NUMBER OF AIRLINES OR ON TRAFFIC RIGHTS, BUT TO PLACE CEILINGS ON BOTH US AND CANADIAN PARTICIPATION IN SUNSPOT MARKETS. IT DEVELOPED, HOWEVER, THAT CANADIANS REALLY HAD IN MIND ONLY A CEILING ON US AIRLINES, A POSITION WHICH USDEL UNEQUIVOCALLY REJECTED AND WHICH CANDEL THEN DROPPED.

6. NEITHER DELEGATION PROPOSED WHAT THE LEVEL OF THE CEILINGS WOULD BE, BUT FOR THE US IT WOULD BE LESS THAN ONE-HALF. BRIEFLY, CONCEPT WOULD BE THAT US AIRLINES WOULD NOT CARRY MORE THAN SAY 40 PERCENT OF MARKET AND CANADIANS NOT MORE THAN SAY 70 PERCENT. IF CEILINGS WERE EXCEEDED DURING ONE YEAR, ADJUSTMENTS WOULD BE MADE IN SUBSEQUENT YEAR.

7. CANDEL, WHILE APPEARING TO ACCEPT CONCEPT WAS CONCERNED OVER IMPLEMENTATION.

8. TALKS RESUME WASHINGTON SEPTEMBER 25-26. RUSH

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